

State of South Dakota

EIGHTY-FIRST SESSION
LEGISLATIVE ASSEMBLY, 2006

159M0002

HOUSE TAXATION COMMITTEE ENGROSSED NO.

HB 1129 - 02/07/2006

Introduced by: Representatives Peters, Dykstra, Hackl, Haverly, Heineman, Hunhoff, O'Brien, Putnam, Rausch, Rave, Rhoden, Rounds, Schafer, Tidemann, Vehle, Wick, and Willadsen and Senators McCracken, Bogue, Dempster, Duniphan, Earley, Gant, Gray, Hansen (Tom), Kelly, Kooistra, Olson (Ed), and Smidt

1 FOR AN ACT ENTITLED, An Act to exempt certain facilities used for business incubators
2 from property taxation.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. That chapter 10-4 be amended by adding thereto a NEW SECTION to read as
5 follows:

6 Any facility operated as a multi-tenant business incubator and owned by an entity recognized
7 as an exempt nonprofit corporation pursuant to section 501(c)(3), 501(c)(4), or 501(c)(6) of the
8 Internal Revenue Code as of January 1, 2006, is exempt from property taxation. A business
9 incubator is any facility that supports the development and operation of a number of small start-
10 up businesses. Tenants of the facility may share a number of support services and the tenants
11 may receive technical assistance, business planning, legal, financial, and marketing advice. If
12 any portion of the facility is occupied by an incubated business for more than five years, that
13 portion of the facility shall be taxed as other property of the same class is taxed.

14 Section 2. That § 10-4-15 be amended to read as follows:



1 10-4-15. Any person, organization, corporation, or association claiming a property tax
2 exemption status for any property under section 1 of this Act or §§ 10-4-9 to 10-4-14, inclusive,
3 or as may otherwise be provided by law, shall apply for such exemption to the county director
4 of equalization on forms prescribed by the secretary of revenue and regulation prior to
5 November first of the tax year.

6 Section 3. That § 13-13-20.4 be amended to read as follows:

7 13-13-20.4. The actual assessed valuation of any property given a reduced valuation
8 pursuant to §§ 10-6-35.1, 10-6-35.2, 10-6-35.4, 10-6-35.21, 10-6-35.22, 10-6-35.24, 10-6-35.25,
9 10-6-54, 10-6-55, 10-6-66, and 10-6-67 shall be used when calculating state aid to education.
10 For any property given a reduced valuation after November 1995, pursuant to §§ 10-6-35.1, 10-
11 6-35.2, 10-6-35.4, 10-6-35.21, 10-6-35.22, 10-6-35.24, 10-6-35.25, 10-6-54, 10-6-55, 10-6-66,
12 and 10-6-67 that has not previously received a reduced valuation pursuant to these statutes, the
13 portion of actual assessed valuation of the property used when calculating state aid to education
14 shall be twenty percent in the first year, forty percent in the second year, sixty percent in the
15 third year, eighty percent in the fourth year, and one hundred percent each year thereafter. In
16 addition, the actual assessed valuation of any property given exempt status pursuant to section
17 1 of this Act shall be used when calculating state aid to education.